

School Board Workshop:	January 12, 2026
Subject:	Financial Projections
Presenter:	Ryan L. Tangen, Director Finance and Operations

SUGGESTED SCHOOL BOARD ACTION:

For Board Review Only.

DESCRIPTION:**Overview**

Long-range financial planning and forecasting are vital functions of a school district. These procedures compile data and predict the district's financial future based on current trends. They also assess how these trends will impact operations in the years ahead. Forecasting informs planning, helping the district determine the best response to anticipated changes.

Our Financial Planning Model (FPM) incorporates the enrollment projection data from this past fall. It also includes staffing and salary projections from Human Resources, alongside current funding laws and formulas to estimate anticipated revenues. The model accounts for potential changes in laws and formulas to help project future revenues.

A Look Back

The revised 2024–25 budget projected an unassigned and nonspendable fund balance of \$11,453,420, or 14.03% of total expenditures. After closing the fiscal year, the actual fund balance totaled \$13,459,426, or 16.81% of total expenditures. This result exceeded projections due to higher-than-anticipated state funding, increased interest earnings, and reduced expenditures.

A Look Ahead

The original 2025-26 budget, adopted in June 2025, projected an unassigned and nonspendable fund balance of \$8,931,120 or 10.84% of total expenditures. Based on the final 2024-25 results, the updated original budget increased by \$2,006,006 to \$10,937,126 or 13.27% of total expenditures.

The first revised budget for 2025-26, prepared as part of this forecast, estimates an ending fund balance of \$12,676,870 or 15.39% of total expenditures. This represents an increase of \$1,739,744 over the revised original projection.

The largest revenue increases were driven by state and federal special education aid, endowment aid, desegregation transportation aid, and high school activities revenue. Enrollment projections increased by 71.8 Adjusted Pupil Units (APUs) compared to the original budget estimates.

On the expenditure side, reductions in staffing costs were largely offset by increases in benefits, resulting in a net decrease of approximately \$40,000. Expenditures for Purchased Services, Supplies, and Other increased primarily due to transportation costs, contracts for educational services, transfers out, and property taxes paid. Capital Outlay expenditures decreased due to revised capital and Long-Term Facilities Maintenance (LTFM) budgets.

The January 2026 Forecast Base Scenario was developed using preliminary budget assumptions and staffing levels based on the November enrollment projections. This forecast provides financial projections for the current fiscal year and the following three years. Two additional scenarios were developed to illustrate alternative staffing approaches.

Key factors for the Board to consider when reviewing the base scenario include:

1. Enrollment projections
2. Final contract settlements
3. Final budget-to-actual expenditure results
4. State and federal legislative funding changes

Final budget assumptions will be presented for Board approval at the January 26, 2026, board meeting.

ATTACHMENT(S):

- ISD 877 BHM Forecast 2026 board presentation 1.12.26
- January 2026 Forecast Base Scenario 1.12.26
- January 2026 Forecast Scenario #1 - No Staff Cuts 1.12.26
- January 2026 Forecast Scenario #2 - Half Staff Cuts 1.12.26